

ST 01-0012-GIL 01/26/2001 GROSS RECEIPTS

An exemption from gross receipts subject to sales tax is found in 35 ILCS 105/3-5(8) and 120/2-5(18). These sections provide an exemption from Illinois Retailers' Occupation Tax and Use Tax for "Legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States of America, or the government of any foreign country, and bullion." (This is a GIL.)

January 26, 2001

Dear Xxxxx:

This letter is in response to your letter dated December 13, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be accessed at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

I am considering taking on a new client that is a seller of antiques and collector coins.

Enclosed is a copy of IDR regulation 130.1910. In reading the regulation, section a) 'When tax applies' seems to be contradicted by section c). 'Special provisions concerning coins.'

Could your office clarify the regulation, specifically regarding the exemption from ROT.

Please advise as soon as possible how to handle the situations discussed above as well as possible letter rulings relating to the sale of collector coins.

If you have any questions or need additional information please contact me at the number above.

Thank you for your help in this matter.

Please be advised that 35 ILCS 105/3-5(8) and 120/2-5(18) provide an exemption from Illinois Retailers' Occupation Tax and Use Tax for "Legal tender, currency, medallions, or gold or silver coinage issued by the State of Illinois, the government of the United States of America, or the government of any foreign country, and bullion."

This statutory language was added by Public Act 83-1495 effective January 11, 1985. Although the language in 86 Ill. Adm. Code 130.1910(a) says that tax applies to sales of "collector's coins" to numismatists or other purchasers for use and not for resale, most coin sales became exempt under P.A. 83-1495, as reflected in 86 Ill. Adm. Code 130.1910(c). Coin sales subject to sales tax are limited to coins issued by governments or entities not listed in the amendatory

exemption language. When P.A. 83-1495 was enacted, it contained language (removed later) that excluded sales of coins of the Republic of South Africa from the exemption.

Many coins sold by a dealer are exempt because of fitting within one of the exempt classifications in the statutory language (as legal tender, currency, or gold or silver coinage), so long as such coins were issued by one of the listed governmental entities. This is true even if they have appreciated in value and have become a rare coin unlikely to be used in today's commerce.

It must be remembered that the issuing entities listed in the statutory exemption language are the State of Illinois, the government of the United States of America, or the government of any foreign country. When a government or entity not mentioned in that list has issued a coin or similar item it is subject to tax pursuant to Section 130.1910(a).

Commemorative medallions minted by private businesses would be subject to Retailers' Occupation Tax if the seller has nexus in Illinois, and would generally be subject to Use Tax on the part of the buyer when purchased by an Illinois resident. Gold or other coins incorporated into a pendant or other jewelry lose their exempt status. The entire gross receipts from the sale of such jewelry is taxable.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Karl W. Betz
Associate Counsel

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